
OLR Bill Analysis

sHB 6379

AN ACT CONCERNING SURPLUS LINES INSURANCE BROKERS.

SUMMARY:

By law, the insurance commissioner must maintain, publish, and make available to surplus lines brokers a list of insurance lines unavailable from licensed insurers. Under current law, licensed surplus lines brokers and their clients that obtain insurance that is not on the commissioner's list must file with the commissioner an affidavit showing they made diligent efforts to obtain the insurance from a licensed insurer. The affidavits are due within 45 days after procuring the insurance.

This bill requires a signed statement instead of an affidavit, eliminating a notary requirement. It requires the broker to submit the signed statement to the commissioner electronically on the first day of February, May, August, and November in each year.

Currently, the affidavit must show that the amount of insurance obtained from an unauthorized insurer is only the excess over the amount obtained from authorized insurers. The bill requires the signed statement to include that information as well as the type of policy and, if the policy is for real property, the location of the property.

Under the bill, a surplus lines broker has made a "diligent effort" to obtain homeowners insurance if at least six authorized insurers declined to provide coverage. Currently, the Insurance Department requires three insurers to decline to provide coverage.

By law, a broker who fails to file a signed statement or willfully files a false statement is subject to license revocation and a fine of up to \$4,000, imprisonment of up to six months, or both.

EFFECTIVE DATE: Upon passage

BACKGROUND

Related Bill

sSB 1093, reported favorably by the Insurance and Real Estate Committee, requires a surplus lines broker to submit an affidavit to the insurance commissioner electronically on the first day of February, May, August, and November in each year.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 11 Nay 7 (03/14/2013)